AFI 63-124

(AFMAN 64-108 REWRITE)

PERFORMANCE BASED SERVICE CONTRACTS

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Overview

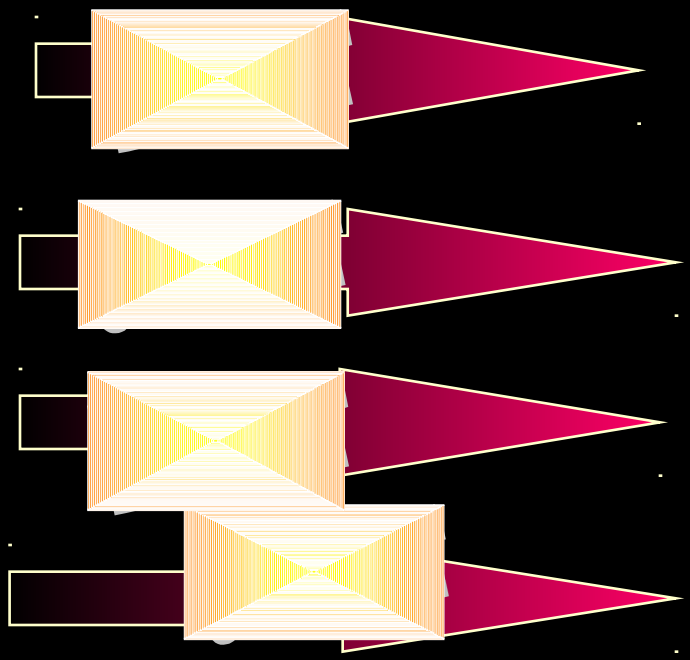
- AFI 63-124 Philosophy
- Market Research
- What Has Been Eliminated
- What Has Been Added
  - New Terminology
- Way Ahead

Philosophy of 63-124

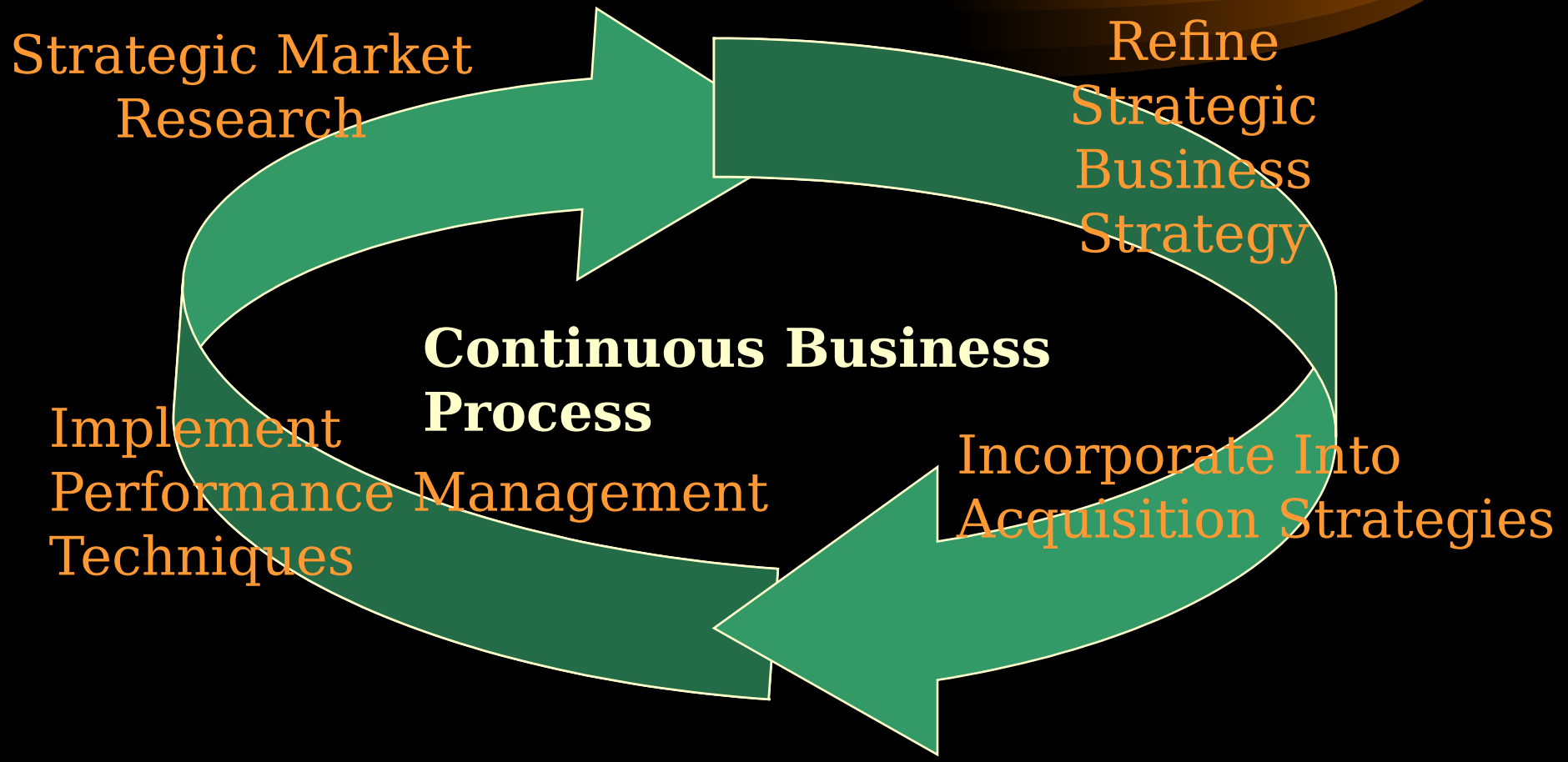
- Provides Flexibility
- Promotes Acquisition Reform Principles
- Emphasizes Performance Based Contracting
- Encourages Commercial Practices
- Promotes Team Approach to Acquisition Life-Cycle
- Promotes Business Process Improvements
- Applies to All Service Contracts Over $100,000 Annually (Unless Exempted)

What We Want Our Reputation To Be From a Wing Commander's Perspective

FROM	**TO**
Rigid	**Flexible**
Bureaucratic	**Customer Driv**
Lowest Bid	**Best Value**
Independent	**Teaming**



Team Approach to Acquisition Lif



Market Research

- Determine if requirement is a commercial item
- Identify standard commercial practices
  - Requirements Definition
  - Terms and conditions
  - Warranties
  - Contract format/structure
  - Performance incentives
  - Solicitation and evaluation methods
  - Oversight/Quality Assurance

Market Research - Where to Look

- Internet searches
- Ask current contractor about commercial contracts (get a copy)
- Industry associations
- Talk to people - try to get a real understanding of what the standard commercial practices are

Eliminated in 63-124 (was in 64-108)

- Most Mandatory Language
  - Performance of services during crisis still required
- Emphasis on Monetary Deductions
  - Adversarial Relationship With The Contractor
- 100% Inspection/Random Sampling Preference
  - Oversight Mindset

Added to 63-124

- **Emphasis on Acquisition Team Approach**
  - Performance Management Council
  - Business Requirement and Advisory Group (BRAG)
  - Performance Management

Added to 63-124

- **Performance Management Council**
  - Multi-functional Contracts which span multiple groups or tenant organizations
  - Duties Include:
    - Assessing Effectiveness of Contractor Operations
    - Verifying Effectiveness of Government Performance Management
    - Approving Formal Partnering Agendas

Added to 63-124

- Business Requirements and Advisory Group (BRAG)

A customer-focused multifunctional team to plan and manage service contracts

  - Market Research
  - Requirements Definition
  - Contract Structure
  - Quality/Surveillance Measures
  - Contractors Input

Added to 63-124

- **Performance Management Concept**
  - New Emphasis on Insight and Partnering w/ Contractor
  - Performance Measurement Built Into Program From Beginning
    - Outcome-based performance standards
    - Relying on contractor's quality control program
  - Use Metrics to Tap into Contractor's Quality Control

Added to 63-124

- New Terminology

  PWS → SOW (includes PWS, Work Statement, SON, SOO, TRD)

  FAC → Functional Director or Commander

  QAE → QA Personnel

  PRS → Service Delivery Summary (SDS)

Business Solutions Exchange

- Knowledge Warehouse
- Lessons Learned/Best Practices
- Groupware Capability

http://www.bsx.org

Way Ahead

- Leadership, Functional and Contracting Partnership Required
  - Provide resources commensurate with requirement
  - Up-front research and planning for acquisitions
  - Ensure continuity and teamwork for maximum payoff
  - Continuous communication and improvement
  - Cross-functional perspective can save $$$
- AFSPC is Air Force lead for Institutionalization of
  63-124

ROAD MAP

- Immediate Actions:
  - AFSPC Contracting Squadron Commanders
  - AFSPC Directors
  - AFSPC Wing Commanders
- Establish a HQ AFSPC 63-124 Multi-functional Working Group
  - Develop an Implementation/Training Plan to be shared across the Air Force
  - Road Show to AFSPC bases
- Brief at functional Conferences/Mtgs/Training Sessions